

EXHIBIT 1

INTRODUCTION

Respondent Royal T Management, Inc., is a Fresno-based property management company. James William Ganson owns sixty-five percent of the company and Dave Thomas owns the remaining thirty-five percent. On or about February 21, 1996, respondent James William Ganson reimbursed his adult son for making a campaign contribution to Fresno City Council candidate Kenneth Steitz in the amount of one thousand dollars. On or about March 8, 1996, Royal T Management, Inc., reimbursed employee Dawn Witzel for making a campaign contribution to Fresno City Council candidate Kenneth Steitz in the amount of five hundred dollars. Reimbursing another person for making a campaign contribution is commonly referred to as “campaign money laundering” and violates Government Code sections 84301 and 84300, subdivision (c).

For purposes of this Stipulation, the violations of the Political Reform Act (“Act”)¹ are as follows:

COUNT ONE: Making a campaign contribution in a name other than that by which the contributor is identified for legal purposes, in violation of Government Code sections 84301 and 84300, subdivision (c).

RESPONDENT: James William Ganson

COUNT TWO: Making a campaign contribution in a name other than that by which the contributor is identified for legal purposes, in violation of Government Code sections 84301 and 84300, subdivision (c).

RESPONDENT: Royal T Management, Inc.

SUMMARY OF THE LAW

The Fair Political Practices Commission is charged with the duty to administer, implement and enforce the provisions of the Political Reform Act of 1974 (the “Act”), found in Government Code sections 81000 through 91015, pursuant to Government Code sections 83111, 83115, 83115.5, 83116, and 91001, subdivision (b).

By enacting the Political Reform Act, California voters specifically found and declared that previous laws regulating political practices had suffered from inadequate enforcement and that it was their purpose to ensure that the Political Reform Act be

¹ The Political Reform Act is contained in Government Code sections 81000 through 91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations unless otherwise indicated.

vigorously enforced. Government Code sections 81001, subdivision (h), and 81002, subdivision (f).

The purpose of campaign reporting under the Political Reform Act is that “receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.” (Government Code section 81002, subdivision (a).) Timely and truthful disclosure of the source of campaign contributions is an essential part of the Political Reform Act’s mandate.

In order to obtain disclosure of the true source of campaign contributions, Government Code section 84301 prohibits contributions made, directly or indirectly, by any person in a name other than that by which the contributor is identified for legal purposes.

Government Code section 84300, subdivision (c), prohibits making campaign contributions of one hundred dollars (\$100.00) or more unless the contributions are made by way of a written instrument containing the names of both the actual donor and the real payee.

Government Code section 84302 requires a person making a contribution on behalf of another, or while acting as the intermediary or agent of another, to disclose to the recipient of the contribution both his own full name and street address, occupation, and name of employer, if any, or the principal place of business if he is self-employed, and the full name and street address, occupation, and name of employer, if any, or principal place of business if self-employed, of the other person.

SUMMARY OF THE FACTS

The illegal reimbursements charged in this matter were uncovered as part of a proactive investigation. Commission staff reviewed campaign statements and political committee records and identified suspicious patterns of contributions.

Respondent Royal T Management, Inc., is a Fresno-based property management company. James William Ganson owns sixty-five percent of the company and Dave Thomas owns the remaining thirty-five percent. On or about February 21, 1996, James William Ganson made a one thousand dollars campaign contribution to Fresno City Council candidate Kenneth Steitz. Also on or about February 21, 1996, respondent James William Ganson reimbursed his adult son for making a campaign contribution to Fresno City Council candidate Kenneth Steitz in the amount of one thousand dollars.² On or about March 8, 1996, Royal T Management, Inc., reimbursed employee Dawn Witzel for making a campaign contribution to Fresno City Council candidate Kenneth Steitz in the amount of five hundred dollars.

² Jame William Ganson’s checks to candidate Kenneth Steitz and to his son were sequentially numbered 2425 and 2426, respectively.

ADDITIONAL INFORMATION

Enforcement of Government Code section 84301 is necessary to accomplish one of the primary purposes of the Political Reform Act: the full and truthful disclosure of the names of campaign contributors. Only with such disclosure are the voters fully informed and improper practices inhibited. (Government Code sections 81002, subdivision (a), and 84211, subdivision (f).) Accordingly, laundering campaign contributions is one of the most serious violations of the Political Reform Act.

At all relevant times, the City of Fresno had a campaign contribution limit of one thousand dollars for the primary and general elections. (*See* Fresno Municipal Code, section 2-2208.)

In 1996, candidate Kenneth Steitz was running against incumbent Bob Lung. James William Ganson told Investigator Pellon that he perceived Bob Lung as a threat to his business. One of Ganson's apartment complexes was having a dispute with a neighboring condominium complex. Councilman Lung had previously sided with the condominium complex against Ganson.

The respondents do not have a prior history of Political Reform Act violations.

CONCLUSION

This matter consists of two administrative violations, which carry a maximum possible administrative fine of four thousand dollars (\$4,000.00). The facts of this case, including aggravating and mitigating information, justify imposition of the proposed fine of four thousand dollars (\$4,000.00).